

Important Information Links

http://www.lee.army.mil/	Ft Lee (QM)
http://www.cascom.army.mil/	CASCOM (CSS)
http://www.apg.army.mil/apghome/sites/local/	APG (OD)
http://www.forscom.army.mil/	FORSCOM
http://www-tradoc.army.mil/	TRADOC
http://www.armyreserve.army.mil/ARWEB	Army Reserve
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Definitions and Terms 2.21.1

Contracting - The Federal Acquisition Regulation (FAR para 2.101) defines contracting as purchasing, renting, leasing or otherwise obtaining supplies or services from non-federal sources.

Acquisition - means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.

Contingency contracting - To responsively, effectively, and legally contract for, or to contract for the providing of, the supplies, services and construction necessary to support the mission organization.

Contracting Officer - means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings.

Federal Acquisition Regulation - The FAR was established to codify uniform policies for acquisition of supplies and services by executive agencies. It is issued and maintained jointly, pursuant to the Office of Federal Procurement Policy Reauthorization Act, under the statutory authorities granted to the Secretary of Defense, Administrator of General Services and the Administrator, National Aeronautics and Space Administration. Statutory authorities to issue and revise the FAR have been delegated to the Procurement Executives in DOD, GSA and NASA.

Approving/Certifying Official - The individual within a directorate or Activity who will serve as liaison with the Dispute Office, Finance and Agency Program Coordinator.

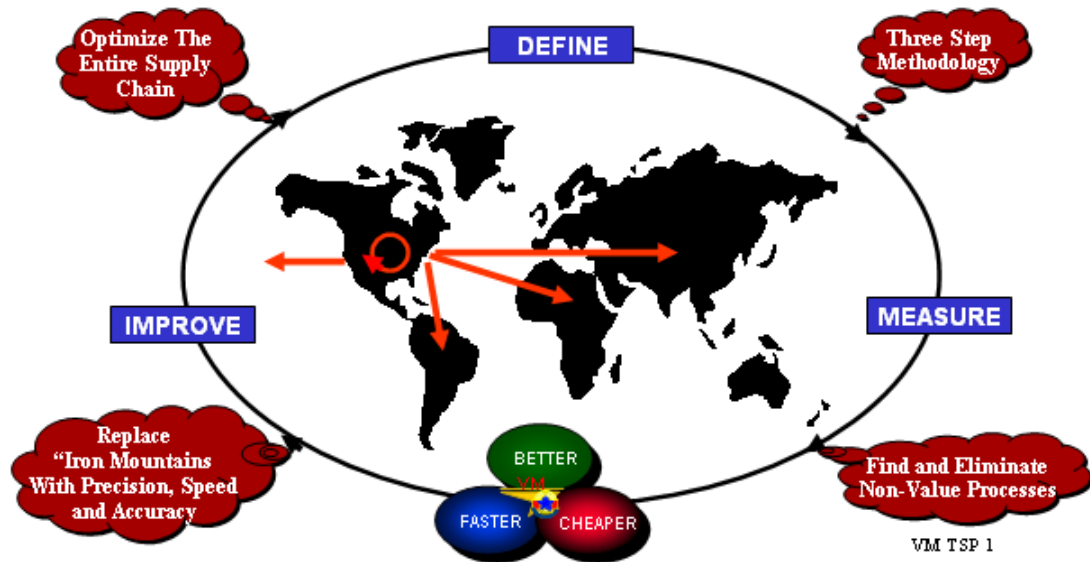
Cardholder - The individual with a Directorate or Activity to whom a card is issued and procurement authority is delegated. The card bears the cardholder's name and may only be used by this individual to pay for authorized U.S. Government purchases.

International Merchant Purchase Authorization Card (IMPAC) - U.S. Government credit card issued through VISA.

Logistics Civil Augmentation Program (LOGCAP) - Advanced acquisition planning which provides for the use of civilian contractors during wartime and unforeseen military emergencies to augment the U.S. Army combat support and combat service support capability.

Velocity Management

A Process Improvement Program Based On Best Business Practice



•Velocity Management (VM) streamlines the Army's logistics business. Today the Army focuses on transforming for more rapid deployments, which are essential for responding to complex and diverse worldwide environments. The aim is to get logistics support into the hands of the Warfighter with precision, speed, and accuracy as is expected from commercial firms. VM provides commanders in the field the tools to identify problem areas through the use of performance-based metrics and reports.

VM seeks to improve the processes within the entire supply chain- Customer Wait Time (CWT), transportation, inventory planning and warehouse management (also referred to as Stock Determination (SD)), and maintenance (also referred to a Repair Cycle (RC)), to include deployed operations.

It achieves this by reducing non-value-added steps in the Army's logistics processes and thereby reducing unnecessary expenditures of resources- manpower and dollars.

CASCOM is responsible agent for the Armywide Velocity Management Effort. The Objective is better, faster, and cheaper logistics support through reengineering all logistics processes and reducing or eliminating all non value added processes

The Initial concentration focused on speed, however because of the speed of the automated systems we found out that accuracy was also important. If you order the wrong part you will the wrong part faster.

Velocity Management

- VM streamlines how the Army is doing its logistics business. Both garrison and when deployed.
- It is a process improvement program that uses a simple three-step methodology: Define, Measure and Improve.
- VM finds and eliminates non-value processes that cause delays in the Army's supply chain...Result-support in days or hours, not weeks!
- Ultimately, VM enhances total logistics performance and achieves real dollar savings as the Army replaces "iron mountains" with *precision, speed* and *tailored logistics*.

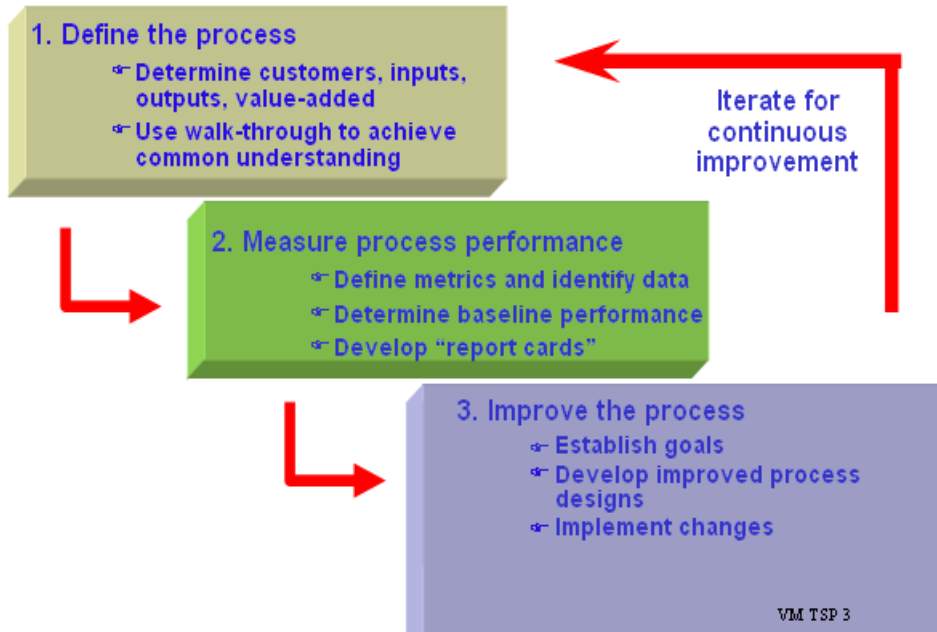
The right stocks in the right quantity in the right place at the right time

VM TSP 2

The Army's most recent operations- Just Cause, Desert Shield/Desert Storm, Restore Hope- though highly successful, revealed shortcomings in the logistics system. The response time was extensive for orders placed from the theater. A consensus among the Army leaders showed that significant improvement of logistics support was required.

•VM finds and eliminates processes that cause delays in the Army's supply chain. This allows agencies to streamline and maximize the logistics pipeline. Under VM, the Army logistics community is measuring its performance closely while improving its support to the commanders in the field. Ultimately, VM enhances total logistics performance and achieves real dollar savings as the Army replaces "Iron Mountains" with precision, speed, and tailored logistics, providing a more versatile and mobile logistics system for the Warfighter.

VM Methodology



VM uses a simple three- step methodology that can be applied to any process. The three steps are Define, Measure, and Improve (D-M-I). D-M-I is a sequential process that must be done in order.

•Defining the process involves establishing:

- when a process begins and ends
- its important segments
- what value they add
- what the inputs and outputs of each segment are
- who the providers and customers of each segment and of the overall

process

are

- a group of technical experts to walk through the process at specific

locations

•Measuring the process involves understanding, diagnosing, and monitoring performance drivers:

- establishing metrics to enable measuring against the established baseline
- understanding performance involves how well it is doing what it is intended to do
- noticing patterns of good and bad performance

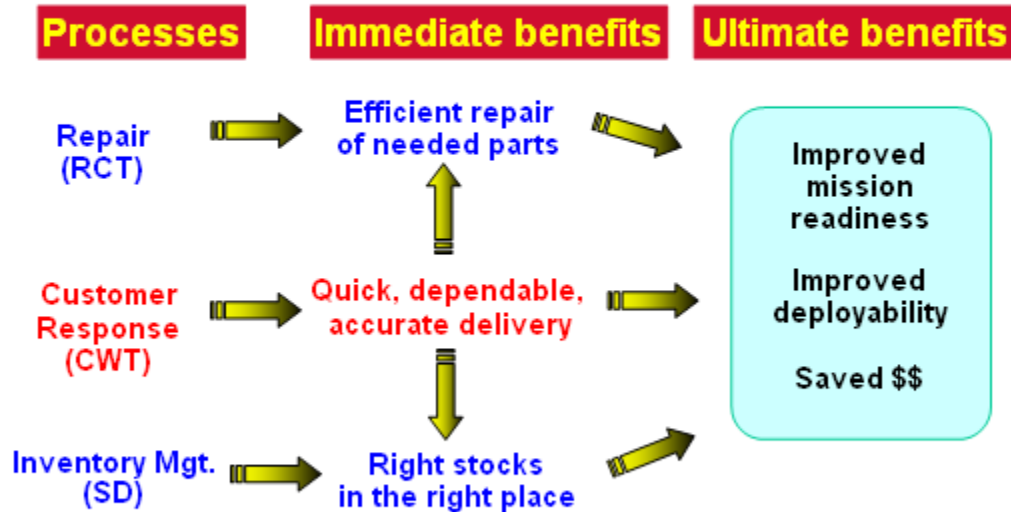
•Improving the process calls for actions to improve process design, establishing goals, and implementing changes:

- focusing on speeding up processes
- identifying and eliminate sources of delay
- eliminating non-value added activities
- reducing variability and making processes more reliable
- identifying some process changes
- proposing new goals for improved processes that are achievable

•The D-M-I process is never complete. VM is a continuous process improvement program. This means that as soon as an objective is reached and progress in the metrics is noted, it is time to raise the bar and start over.

Velocity Management

Initially Focused on These Critical Supply Chain Processes



VM TSP 4

The goal of VM is to improve the performance of major logistics processes by adopting many proven technical and managerial techniques from the commercial sector. Implementation of these techniques has substantially improved logistics speed and accuracy. VM initially focused on improving the Order Ship Time (OST), Repair Cycle Time (RCT) and Storage Determination (SD). The OST was the logical starting point for satisfactory logistic support. For years however, OST was plagued by systemic performance problems.

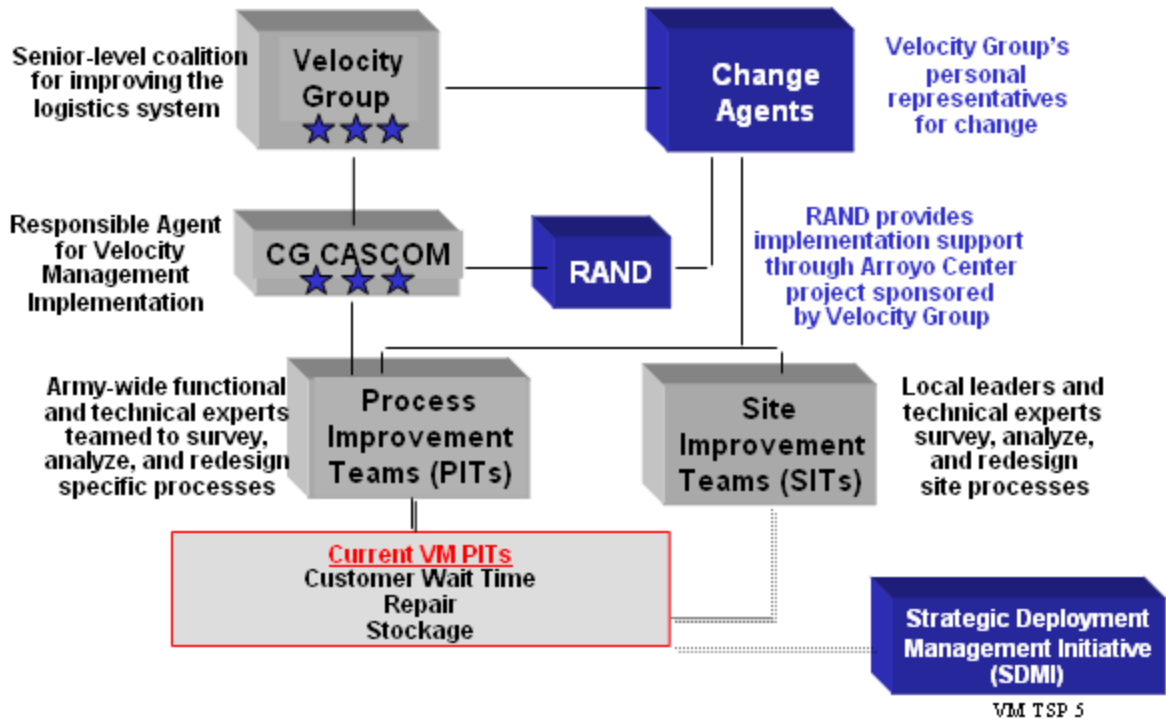
- CWT, a new end-to-end metric, measures the actual performance of the supply chain and replaced OST. Two features make CWT superior to OST. CWT can measure time starting with the entry of a requirement into the Unit Level Logistics System (ULLS), Standard Army Maintenance System (SAMS1), and the Standard Property Book System-Redesigned (SPBS-R) until it is receipted at the Supply support Activity (SSA). Future developments in CWT will measure total process time from order entry until the supported customer accepts the materiel.

- CWT tracks the performance of the supply, SSA's, maintenance activities, direct vendor delivery, referrals, redistribution, and wholesale distribution centers (sources operated by DLA and GSA).

- The Repair Cycle Process Improvement Team (RCPIT) is established to improve the Army's maintenance processes in support of the Army's overall VM program. The RCPIT will implement process improvements/initiatives that reduce repair cycle times (RCT), reduce costs, improve the quality of maintenance, maintain and/or increase readiness, increase customer satisfaction, and work harmoniously with the entire supply chain.

- The Stockage Determination Process Improvement Team (SDPIT) is established to develop stockage policy and procedures to optimize inventory stockage performance and leverage distribution to create efficiencies and cost savings without decreasing readiness. The SDPIT will also identify and eliminate non-value adding activities and improve value-adding stockage determination activities and processes used by the Army.

The Key to Success is the Cross Functional Teams within the Velocity Management Organization



- The Army is implementing VM through a coalition of senior Army leaders - Velocity Group that is headed by the DADCSLOG, the CASCOTM Commander, and the Deputy Commander of AMC.

- Each member of the Velocity Group delegates day-to-day coordination and monitoring to his/her personal representative called a Change Agent. These Change Agents interact with the Responsible Agent - the CASCOTM Commander.

- Army logistics processes are analyzed and improved by cross-functional Process Improvement Teams (PITs): They are headed by GOs or SESs

- Order and Ship - CASCOTM Dep Commander
- Repair Cycle- Chief of Ordnance
- Stockage Determination- Quartermaster General
- Financial management- Dept Asst. for Army Fin Management
- Transportation- Commander, MTMC

- Site Improvement Teams (SITs) examine the logistics processes that occur within a specific organization or location. These SITs are composed of local leaders and technical experts. They identify the changes necessary in the processes/activities at the local level and implement the changes. This is where the real progress in VM is accomplished

CUSTOMER WAIT TIME (CWT) PIT

The Customer Wait Time Process Improvement Team (CWT PIT) is established to dramatically improve the Army's re-supply processes. Its charter is to identify and eliminate non-value-adding activities and improve value-adding re-supply activities and processes used by the Army. Approval and implementation of specific actions developed by this PIT will make re-supply processes more efficient and responsive to the customer.

**PIT BOSS: Dep to the CG CASCOM
Change Agent and
Action Officer/Deployed Ops**

Key Initiatives:

- Reverse Logistics
- Stock Positioning
- Deployed Operations
- GSA RICs
- Customer Wait Time

VM TSP 6

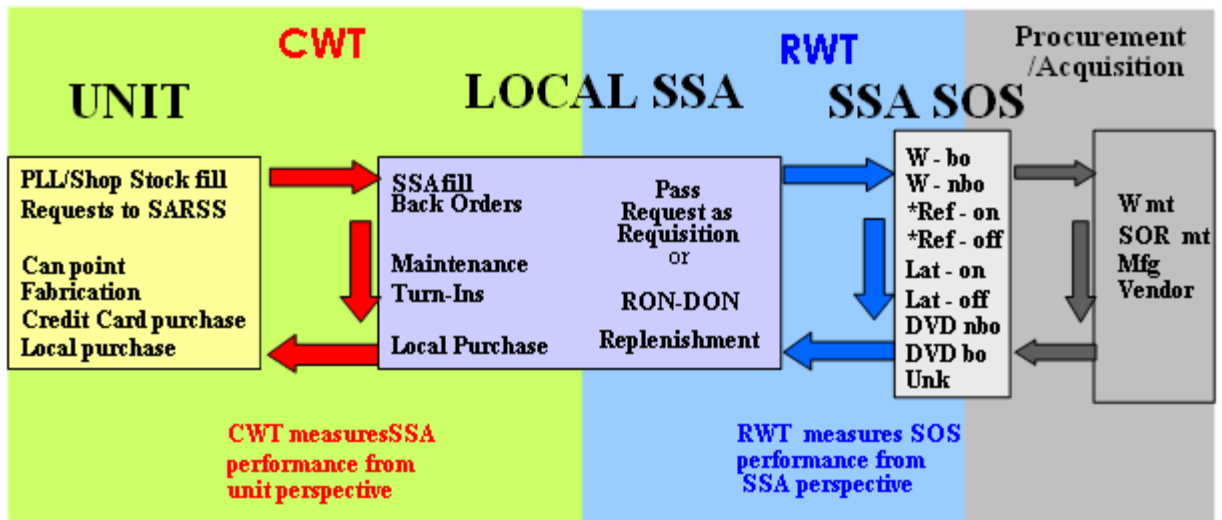
CWT objectives are:

- Reverse Logistics**
- Define AMC stock positioning methodology**
- Improve DLA stock positioning for CONUS and OCONUS**
- Improve airlift/sealift mix**

Key CWT elements that will be discussed are cycle synchronization, requisition, wait time (RWT) and reverse logistics.

Customer Wait Time

is Based on Request Submitted to the SSA While
Requisition Wait Time is Based on SSA Requisitions
to a Source of Supply



* DS Repairables only under MS III

VM TSP 7

See next slide for text.

•CWT is the Army's supply chain performance metric which measures the time required to satisfy a supply request from the end user level, or total customer response time. CWT starts when a requirement is created by and AO_ in ULLS/SAMS1/SPBS-R and stops when these unit level systems acknowledge receipt to SARSS.

•RWT as shown in the chart is a major component of CWT. RWT measures time required to satisfy a SSA requisition that must be sourced from either wholesale or referral processes. RWT starts when a SARSS AO_ requisition is created at the SSA or passed by the SSA and stops when the SSA submits a materiel receipt document. Any unfilled requisition passed through the SSA causes the generation of a request order number (RON) document by the SARSS system.

•When stocks are not available for issue, the automated process checks to see if the normal request order/document order number (RON/DON) logic applies. Under normal RON/DON processing, a record is created on the Due-Out File for the customer (using the customers document order number (DON)) and a supporting Due-In File record is created using the SARSS1 activity's request order number (RON). The request for issue transaction is forwarded to the higher source of supply while the system maintains an image of the request (AO_) in the Document History File. A status transaction (DIC AE_) containing the DON is sent to the customer. An exception processing to the normal RON/DON logic causes the request for issue to be passed to the next higher source of supply using the customers DON.

•When exceptions occur, the automated process creates a record on the Due-In File using the customers DON. . Exceptions that cause creation of a due in with the customers DON include:

a. Property book items. The requisition validation (REQVAL) process requires that all unfilled non-expendable property book items use the customers DON.

b. Exception requests. Unfilled requests with exception data are passed to the higher source of supply using the customers DON. The source of supply may need to contact the customer to determine the actual requirements.

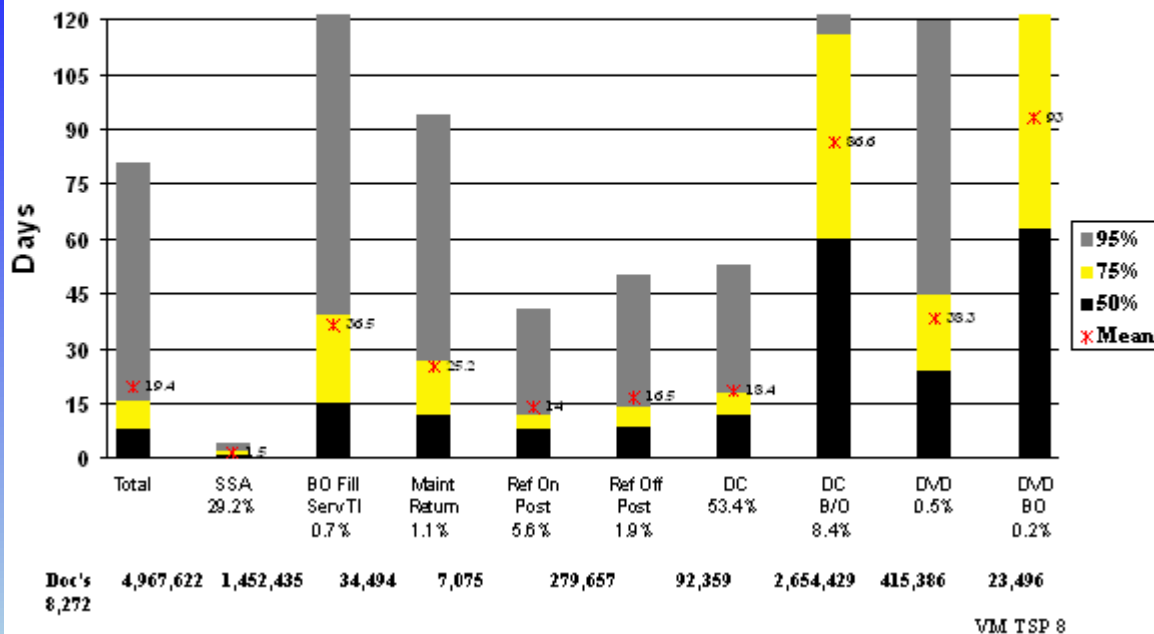
c. Remote customers. Unfilled requests from remote customers are passed with the customers DON since the items will be shipped directly to the ordering activity and not through the SSA. Remote customers are geographically separated from the supporting SSA, making the normal unit pickup of supplies impractical.

d. All unfilled requests for issue containing a do-not-substitute Advice Code (2B, 2J, 24, 26, 31, 33, 34, or 39) are passed to the higher source of supply.

•Accurate measurement of the customer wait time process is achieved by evaluating the performance of individual segments.

ACTIVE ARMY CLASS IX CWT - Baseline

All Priorities, All Sources



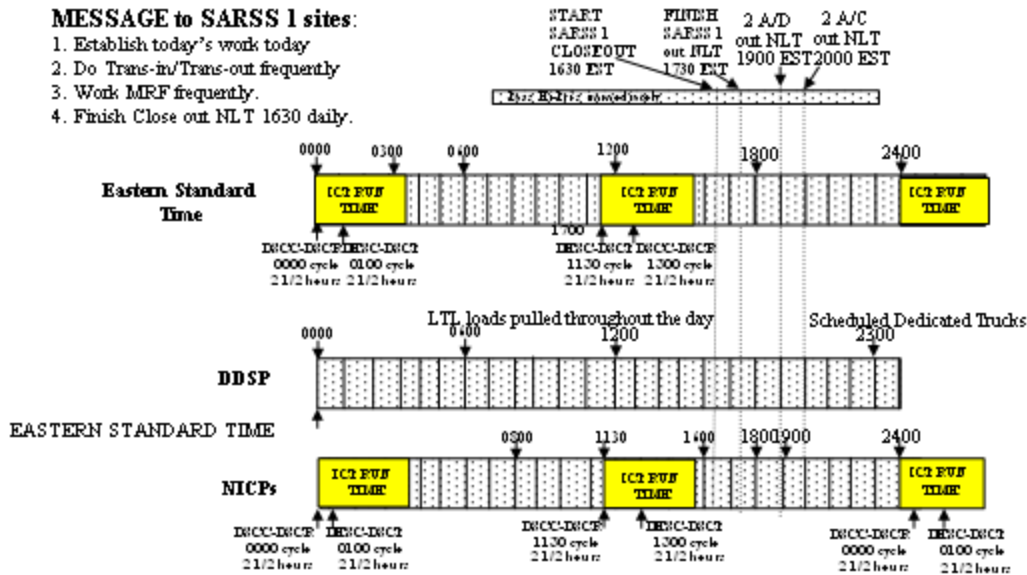
This chart measures Class IX performance of all segments within the Customer Wait Time process. It documents the percentage of all filled customer requests within each segment and measures performance by each segment of the CWT process. The data presented shows the economies of scale achieved by SSAs using Dollar Cost Banding (DCB) to compute their ASLs. DCB increases the percent of fill from ASL stocks, thereby improving CWT. Wholesale backorders and Direct Vendor Deliveries (DVD) are the worst performers and increase CWT. The fill from serviceable turn-ins is higher because established business rules create a due-out for unfilled requests, while placing a backorder on the wholesale system and upon receipt of a serviceable asset the SSA generates a MRO to fill the open requisition. A key element to reducing CWT is synchronization of requisition submissions with the NICPs process cycle.

East Coast Cycle Synchronization

ULLS/SAMS customers submit replenishment requests to SARSS 1, which **FINISHES** closeout to SARSS 2 A/D by 1630 EST and transmits to SARSS 2 A/C NLT 1730 EST. SARSS 2 A/C transmits all business every 2 hours thru the SARSS Gateway (~1/2 hr transit time). All undelayed requisitions should reach ICPs by 2000 EST. DDSP pulls down from the Megacenter up to 6 times a day. That will get East Coast MROs on the next day's DDSP truck at 2300 EST for next day delivery. **Total elapsed time from SARSS 1 closeout to SSA receipt can be as little as 30 hours using the AMS card to close the shipment.**

MESSAGE to SARSS 1 sites:

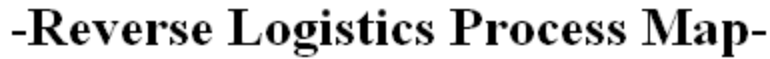
1. Establish today's work today
2. Do Trans-in/Trans-out frequently
3. Work MRF frequently.
4. Finish Close out NLT 1630 daily.



VM TSP 9

Defense Logistics Agency and Army Materiel Command national inventory control points (NICP) are in the Eastern Time zone. These agencies schedule and run their multi daily processes a minimum of twice a day. SSA's can use this information to schedule customer closeout processes from SARSS 1. The SARSS 1 schedule must be synchronized so that requisitions can be processed in the NICPs next available cycle. Practicing cycle synchronization on a daily basis minimizes lost cycle time for customers and decreases customer wait time.

REVERSE LOGISTICS



VM TSP 10

The Retrograde Tracking Program is a key initiative under the CWT PIT of Velocity Management to integrate end-to-end „Supply Chain Management“ and improve logistics materiel accounting, electronic inventory, transportation and shipment tracking procedures. The plan provides overarching guidance and direction for implementing reverse logistics using ITV and provides Army logistics with links to other Department of Defense (DOD) Services, commercial contractors and supporting agencies. The plan will track materiel moving from government and contractor sources (storage or procurement) through all transportation nodes until receipt by the ordering customer. The reverse logistics plan identifies short/long-term actions, milestones, resources and metrics using ITV as a critical element.

RETROGRADE TRACKING

- **INVENTORY OF IN-TRANSIT RETROGRADE ITEMS**
- **LONG TERM - ARMY ITV RETROGRADE PLAN**
 - INCORPORATE FIX FOR RETROGRADE ITV INTO LOG SYSTEMS MANAGEMENT MODERNIZATION
 - WLMP, GCSS-A, TC AIMS-II, AND MTS
- **SHORT TERM - ITV FOR RETROGRADE**
 - RETROGRADE LOGISTICS PROCESS ACTION TEAM (RLPAT)
 - DEFINE THE CURRENT PROCESSES
 - ESTABLISH A BASELINE FOR METRICS
 - KEY ISSUES
 - ESTABLISH BEST BUSINESS PROCESS
 - AUTOMATIC INFORMATION TECHNOLOGY
 - DOCUMENTATION AND METRICS
 - TRAINING
 - SINGLE STOCK FUND CHANGES TO THE DISTRIBUTION METHODOLOGY

VM TSP 11

The Army's retrograde tracking program is dependent on long-term ITV improvements. Modernization of AIT will continue the development and upgrade of several logistics data processing systems. Key ITV projects supporting the retrograde tracking program are:

- a. Wholesale Logistics Modernization Program (WLMP).
- b. Transportation Coordinator Automated Information for Movement Systems II (TC AIMS II).
- c. Movement Tracking System (MTS).
- d. The inventory management and distribution process changes created by the Army Single Stock Fund (SSF) conversion program.

The Reverse Logistics Process Action Team (RLPAT) chartered on 31 Aug 01 to provide senior army leaders with courses of action and information updates to improve/change the reverse pipeline process, analyzes current and emerging reverse pipeline processes, tracks supporting logistics automation systems that enable the processes and distribution practices for retrograde. The team is chartered to address the following key issues in evaluating the retrograde program:

- a. Establish Best Business Process
- b. Automatic Information Technology (AIT)
- c. Documentation and Metrics
- d. Training
- e. Single Stock Fund changes to the Distribution Methodology

RETROGRADE TRACKING

- **RETROGRADE TRACKING USING ITV**
 - USE AIT AT SSA's TO COLLECT DATA FOR RETROGRADE (USAREUR ITV PROGRAM)
 - IMPROVE SARSS ABILITY TO READ/WRITE AIT
 - GIVE SARSS ABILITY TO MANIFEST SHIPMENTS
 - EXPAND THE LOGSA MRDB TO SUPPORT ITV
 - "ONE STOP" ITV INFORMATION QUERY, LOGSA
 - LINK ITV DATA TO THE USAMC ROD DATA FILE
 - ID RETROGRADE GAPS, ESTABLISH STANDARDS
 - ITV FOR LATERAL DISTRIBUTION IN-TRANSITS
 - SUPPORTS 2 TIERED MAINTENANCE AND INTERIM SUSTAINMENT BASE (ISB) INITIATIVES

VM TSP 12

The ODCSLOG Associate Director of Sustainment directed a Retrograde Tracking Pilot program with a limited test, to develop and improve use of AIT. A pilot program using in-transit visibility (ITV) to track retrograde assets in the reverse pipeline (RPL). The goal is to develop AIT processes and create an electronic manifest that documents, assembles, and facilitates retrograde preparation for shipment from the consignor until the materiel receipt acknowledgement (MRA) by consignee is processed.

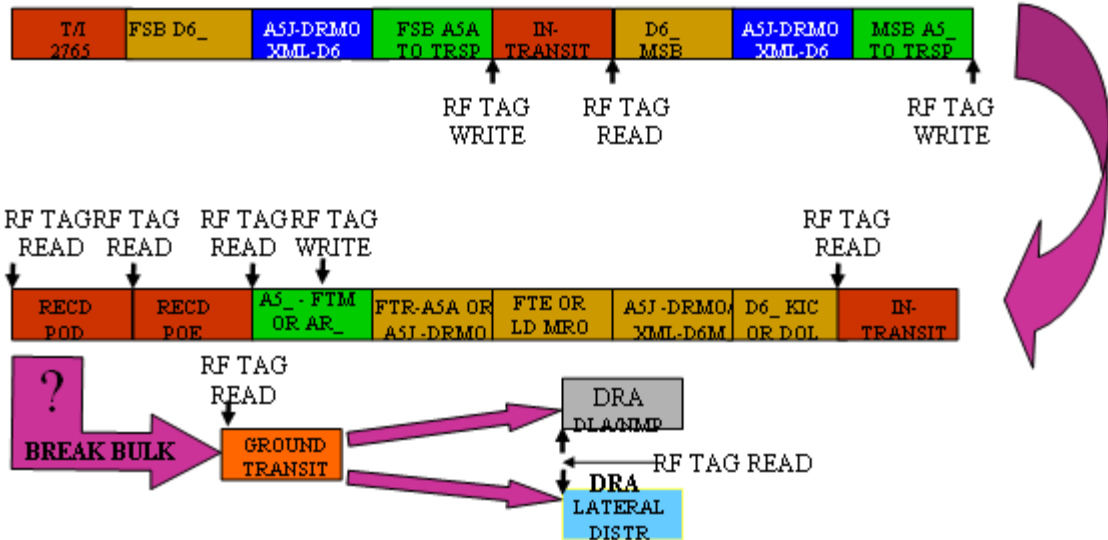
USAREUR volunteered to conduct the test, since the command currently uses AIT and in country tracking of shipments from the port of debarkation (POD) through the main supply routes to the SSA customers. Units that currently use the SSF Milestone III program will conduct the second test.

The final step is to create a "One Source" address for all Army customers to view visibility of the forward and reverse pipeline shipments via the Logistics Integrated Data Base (LIDB) by LOGSA. Retrograde Tracking and ITV will also provide pipeline tracking of lateral distribution shipments routinely exchanged between SSA's. The RPL will give customers visibility of lateral distribution orders created by the SSF. The retrograde tracking concept and its ITV provides information management tools to support routine and battlefield return of unserviceable repairables.

RETROGRADE TRACKING

RETURN NODES

18 SEGMENTS



VM TSP 13

The RLPAT members have defined the initial nodes of the retrograde tracking process for creation of reverse logistics metrics. These metrics will be used to identify problem areas in the retrograde pipeline and used by the RLPAT to conduct research, develop recommendations, and presentations to the Velocity Board. A review of the various nodes on this chart identifies many individual "Stop Points" where retrograde changes from an "In-Transit" status to being processed under various maintenance steps. The Retrograde Tracking Program provides visibility of assets while "In-Transit" from a consignor to a consignee. The Reverse Logistics Pipeline is not a process to measure the performance of maintenance or repair applications.

REPAIR CYCLE PIT

The Repair Process Improvement Team (RCPIT) Is Established to Improve the Army's Maintenance Processes in Support of the Army's Overall VM Program. The RCPIT Will Implement Process Improvements/initiatives That Reduce Repair Cycle Times (RCT), Reduce Costs, Improve the Quality of Maintenance, Maintain And/or Increase Readiness, and Work Harmoniously With the Entire Supply Chain. Its' Objective Is to Reduce Future End Item and Component Repair Cycle Time by 50% Over the Baseline Period (FY 96).

Key Initiatives:

- SAMS Submission
- Component Repair
- Repairs into Long Supply
- Equipment Downtime Analyzer
- Repair Cycle Handbook
- Depot Metrics/Performance
- Customer Wait Time

VM TSP 14

Repair Cycle (RC) PIT objectives:

The RCPIT goal is to reduce repair cycle times, reduce costs, improve the quality of Maintenance, and maintain and/or increase readiness.

Improve the maintenance data and achieve the DA reporting goal of 100% SAMS closed work order submissions to LOGSA.

Field the Equipment Downtime Analyzer (EDA) functionality in ILAP.

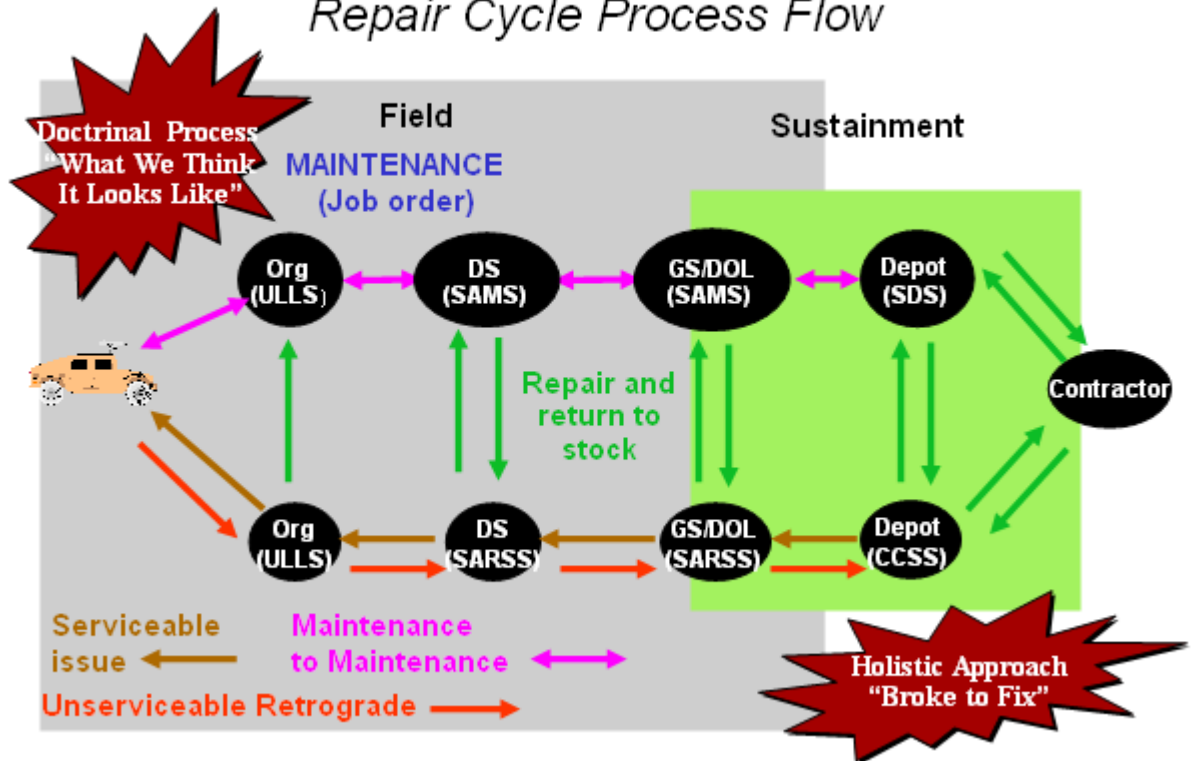
Distribute the Repair Cycle Handbook

Assist the SD PIT in defining and measuring customer returns

Assist the SD PIT in conducting an analysis of backorders

Overall Doctrinal/Army Policy

Repair Cycle Process Flow

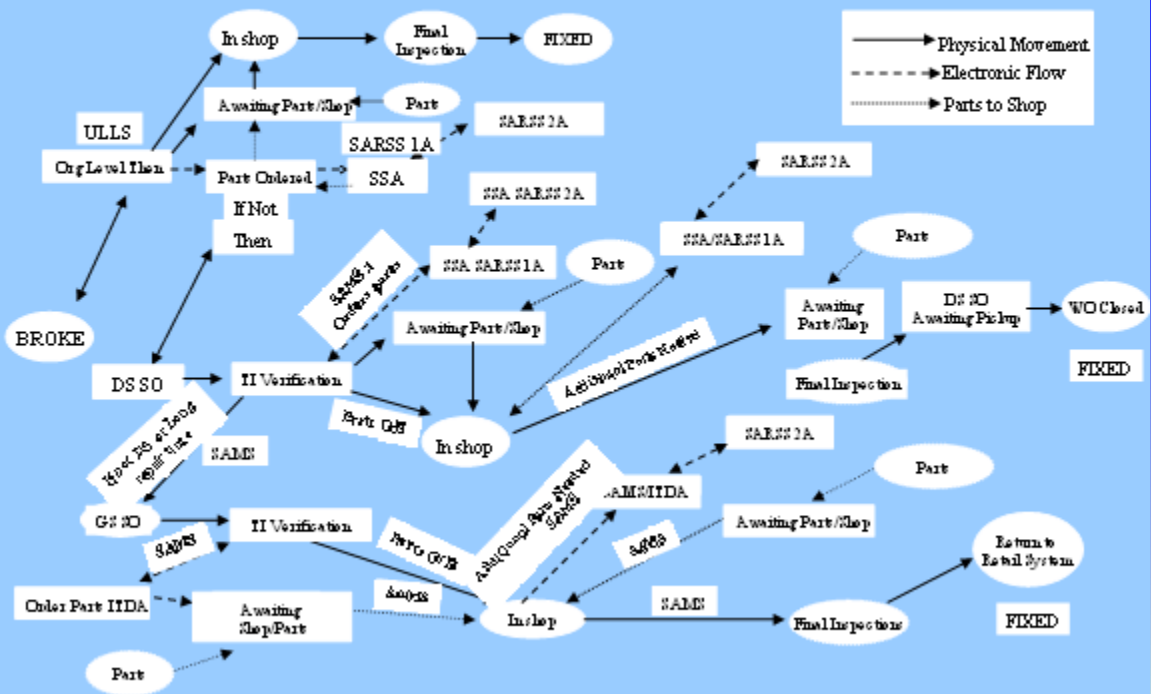


VM TSP 15

Doctrinal maintenance flow appears to be smooth and circular. There are several mini-loops within the flow depending on where the item is repaired.

Maintenance Process: The maintenance process is very complex with numerous automation systems that place limitations on visibility at every level. The Unit Level Logistics System (ULLS) tracks unit level maintenance, SAMS tracks Direct Support/General Support (DS/GS) level maintenance, SAMS Installation Table of Distribution & Allowances (ITDA) tracks installation level maintenance, and Standard Depot System (SDS) tracks depot maintenance. Maintenance management at each level is difficult if the data in the automated systems is not correct or updated frequently.

Repair Cycle Process Map "What it Really Looks Like"

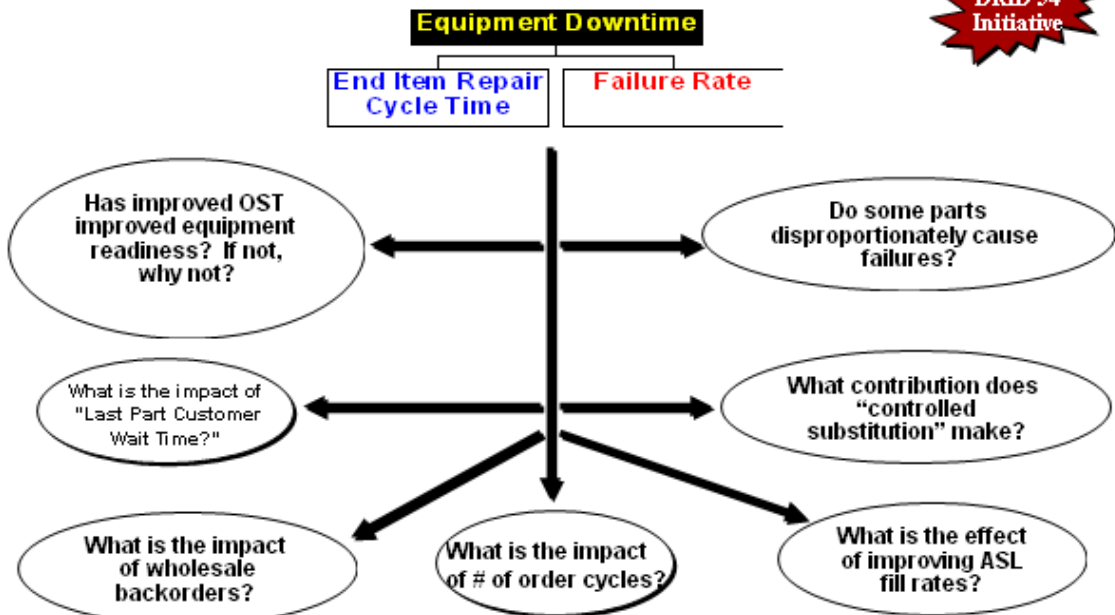


VM TSP 16

This is reality -

The maintenance flow is very complicated and requires extensive manager intervention to optimize performance to achieve the maintenance within budgetary constraints.

The Army Needs a Tool to Link Process Improvement Efforts to Equipment Downtime



VM TSP 17

The Army can create "competition" through metrics. People compete against goals and each other. Further, to continuously drive improvement, people have to understand how their efforts affect their primary goals. For companies the goal is to make money: profit. For Army maintenance, it is to keep equipment ready to fight. So we should look at what drives the top line of maintenance, operational readiness, and then measure the drivers with metrics.

The two components of readiness are equipment failure and repair time. Equipment failures come from two sources, "false" repairs and break downs. False repairs are essentially unsuccessful repairs that were thought to be successful so the equipment is sent back to the user. By tracking items that return to maintenance almost immediately (i.e., within one week for the same fault), the Army could create a picture of this quality problem. Failure rates by end item, fault, and part measure the reliability portion of equipment failure. We quickly see that quality, in the form of equipment failure, is an important component of operational readiness. As with business, quality affects the demand related side of quality, although in the Army, the goal is to lower demand.

The other side of the tree, repair time, contains costs related to internal failure and appraisal. Repair time consists of combination of the time consumed in organizational, and, if necessary, support maintenance (only direct support, DS, is shown in this tree). The three main components of RCT are awaiting parts, wait time for various maintenance activities such as inspection and repair, and actual repair time. To repair an item, though, requires the right parts, not just parts. When the first diagnostic and part ordering cycle does not provide parts that result in a successfully completed repair, then the diagnostic and part order cycle has to be repeated. Similarly, when anyone has to repeat an activity in any of the other boxes in the chart, repair time increases and the process has consumed resources unnecessarily. And if a process is relying on an inspection step to catch problems, it is consuming non-valued-adding resources.

If the Army were to track all of the metrics on this tree, it would better know the high leverage points for improvement. And the Army would also better understand why degradations in performance occur. The goods new is that every measurement on this chart can be calculated from data already collected by Standard Army Information Systems (STAMIS). However, the necessary data are not currently all collected in a central location nor in the form necessary for the calculations.

STOCKAGE DETERMINATION PIT

The Stockage Determination Process Improvement Team (SD PIT) is established to develop stockage policy and procedures to optimize ASL performance and leverage distribution to create efficiencies and costs savings without decreasing readiness.

Its charter is to identify and eliminate non-value-adding activities and improve value-adding stockage determination activities and processes used by the Army.

Approval and implementation of specific actions developed by this PIT will make stockage determination processes more efficient and responsive to the customer.

Key Initiatives:

- Customer Returns
- Dollar Cost Banding
- Updating AR 710-2
- Backorder Analysis
- PLL/Shop Stock Analysis
- Combat Spares

VM TSP 18

Stockage Determination (SD) PIT objectives:

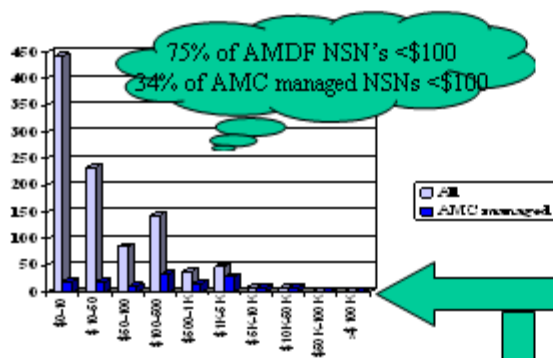
Define and measure customer returns

Work with the CWT PIT in improving stock positioning

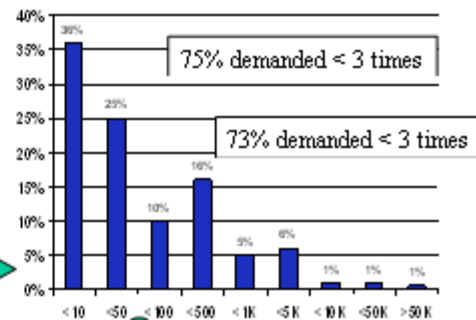
Focus on retrograde and the causes of excess and customer returns

Why Dollar Cost Banding?

Number of AMDF Class IX NSNs Vs Unit Price



Cost of Part Vs. % of Non-Mission Capable Supply
3d ID Jan 96-Jan 97



Replaces Current
9/3 Logic

New Dollar Cost Banding A/R Methodology

<\$10	2 to Add, 1 to Retain
\$10-\$100	3 to Add, 1 to Retain
\$100-\$1K	6 to Add, 3 to Retain
>\$1K	9 to Add, 3 to Retain

Over 70% of NMCS
Requests Were for Items
<\$100

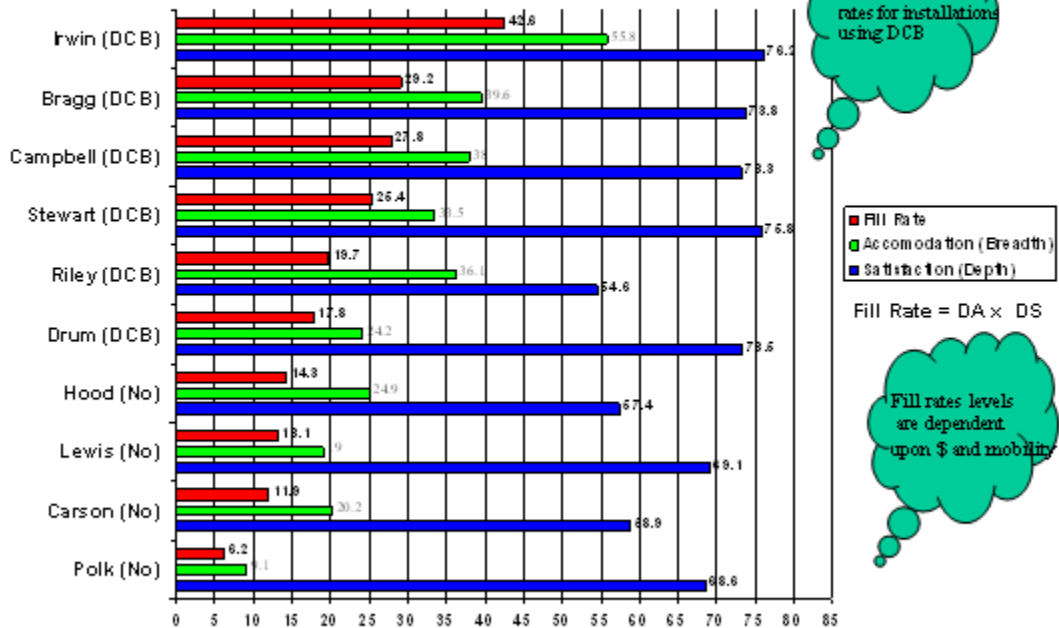
VM TSP 19

Dollar Cost Banding (DCB) is an optional alternative Authorized Stockage List (ASL) stockage selection process used in place of the Standard Army Retail Supply System (SARSS) ASL Review process. It achieves a specified Customer Wait Time (CWT), ASL costs and ASL weight/cube while maintaining readiness levels. DCB uses a modified Economic Order Quantity (EOQ) formula that increases order quantities for less expensive items by varying the Add/Retain rules based on Unit Price, Essentiality Codes and Issue Priority Group (IPG) for requisitions. Implementation of DCB provides increased ASL depth and breadth for low dollar consumable items by varying the add/retain criteria based on unit price, while still maintaining effective component and end item repair stockage recommendations.

The DCB stockage policy was approved by DA DCSLOG in Oct. 00 as an alternative method to compute ASL requirements

FORSCOM DEMAND ANALYSIS JUN

ALL PRIORITIES, ALL SOURCES



VM TSP 20

This chart shows the fill rate performance of all FORSCOM installations using a baseline established in 1997. Fill rate is demand accommodation rate times the demand satisfaction rate. As you can see installations that have used Dollar Cost Banding (DCB) to compute ASL requirements are experiencing a higher fill rate.

Dollar Cost Banding

DRID 54
Initiative

Increases Breadth of Low Dollar Items

Improves
ASL
Performance

- Fill Rate
- Zero Bal
- WDO
- SLC M

Lowers
Customer
Wait
Time

Features:

- Add/Retain Criteria is Function of Price, High Priority and EC
- Superior Depth Methodology (Based on CWT Goal)

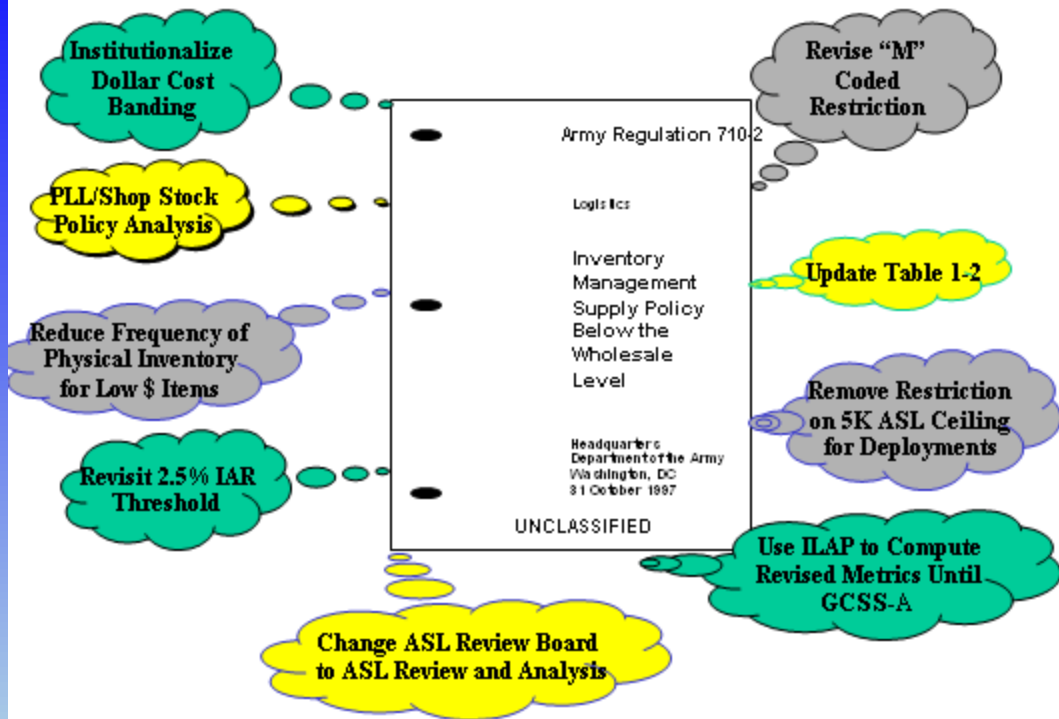
VM TSP 21

Dollar Cost Banding (DCB) is an effective and efficient alternative to current Army ASL stockage determination criteria. DCB is the process of determining stock levels by taking into account total demands, dollar value, and urgency of need to form a realistic, cost effective, and supportive ASL. DCB achieves its main objectives of increasing readiness, reducing customer wait time, and holding down costs by stocking a greater quantity of cheaper items and less high dollar and bulky items.

DCB:

- Optimizes stockage selection and depth.
- Provides commanders the flexibility to adjust retention requirement for each dollar band based on unique operating environment and funding constraints.
- Allows parameter tables to be tailored and filter the selection process.
- Embeds ASL review process in the ILAP program to simplify and expedite the process.
- Allow commanders to generate ASL scenarios to achieve optimal stockage based on cube and/or dollar constraints.

Update Stockage Policy



VM TSP 22

The stockage Determination PIT has the responsibility of updating stockage policy contained in AR 710-2, Inventory Management Supply Policy Below the Wholesale Level. Projected policy changes include: The institutionalization of Dollar Cost Banding; Changing ASL restrictions for deployment, recognizing the need to stock items above demand supported levels in support of deployment operations and incorporation of new deployment planning tools into the regulation.

VM Long Term Goals

(CWT PIT)

Reduce total CWT to 3.5 days

Promote use of advanced shipping notification to plan workloads

Increase use of advanced Materiel Release Order Control Systems

(SD PIT)

Change inventory policies

Develop programs/initiatives for optimizing SSA Stockage

(RC PIT)

Reduce Army repair cycle time by 50%

Test enablers to reduce repair cycle time

VM TSP 23

Long-term VM goals:

Reduce total CWT to 3.5 days (CWT PIT)

Promote the use of advanced shipping notification to plan workloads (CWT PIT)

Increase use of advanced Materiel Release Order Control Systems (CWT PIT)

Change inventory policies (SD PIT)

Develop programs/initiatives for optimizing SSA stockage (SD PIT)

Reduce repair cycle time by 50% across the Army (RC PIT)

Evaluate hardware and software to reduce repair cycle time (RC PIT)

Velocity Management Summary

- VM streamlines how the Army does its logistics business, in garrison and deployed.
- It is a process improvement program that uses a simple three-step methodology: Define, Measure and Improve.
- VM finds and eliminates non-value processes that cause delays in the Army's supply chain...Result-support in days or hours, not weeks!
- VM is designed to be applied in a continuous cycle. Once the process is complete, we begin the cycle again: define, measure and improve the process.
- Three Process Action Teams (PIT): Customer Wait Time, Repair Cycle and Stockage Determination.

VM TSP 24

During this block of instruction we discussed velocity management.

VM is a comprehensive applied management method that redesigns the Army logistics system. It focuses on improving logistics processes using carefully, structured analysis, creative innovation, and application.

The steps in the VM process are:

- (a) Define
- (b) Measure
- (c) Improve

•The Velocity Group (VG) is a coalition of senior Army logisticians formed under the DCSLOG to oversee and supervise VM implementation.

•VM Process Improvement Teams are appointed by the VG to develop improvement proposals, recommend strategies to implement Army wide process improvements, and disseminate information on process improvements from all levels.

•PITs are organized to focus on broad logistics processes. The VM program is currently using three PITs (Customer Wait Time; Repair Cycle; Stockage Determination). The VG may establish additional PITs as necessary. PITs will examine the logistics processes to identify where improvements can be made.

•VM Site Improvement Teams are formed by local commanders to improve logistics processes at the local level. SITs should be formed with a sufficiently broad range of members to address the complexity of the installation logistics processes.

•Velocity Management is applied in a continuous cycle. Once the process is completed we begin the cycle again: define, measure, and improve the process.